

## TC ABSTRACT

### I. Basic Project Data

▪ Country/Region:	REGIONAL/IDB
▪ TC Name:	Development of poverty reduction tools and guidelines for the IDB operations
▪ TC Number:	RG-T4564
▪ Team Leader/Members:	TEJERINA, LUIS R. (SCL/SPH) Team Leader; EVANS, DAVID (SCL/SCL) Alternate Team Leader; LEULIET-KANG, DONGHYUN (SCL/SPH); LIM CHAE HYUN (SCL/SPH); MENDOZA BENAVENTE, HORACIO (LEG/SGO); MONTES VELARDE JOSE LUIS (SCL/SCL); FORERO SANCHEZ JUAN DAVID (SCL/SPH)
▪ Taxonomy:	Research and Dissemination
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	18 Oct 2024
▪ Beneficiary:	Regional
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US\$1,200,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	36 months
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	SCL - Social Sector
▪ Unit of Disbursement Responsibility:	SCL/SCL - Social Sector
▪ TC included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Social inclusion and equality ; Institutional capacity and rule of law

### II. Objective and Justification

- 2.1 The objective of this TC is to develop the necessary tools and guidelines to assess how IDB projects are being targeted to the poor in the region.
- 2.2 Poverty in Latin America and the Caribbean (LAC) had a sustained fall in the first part of the 21st century. It was halved from 2000 to 2023. The pandemic set the region back 7 years in its progress but the region was back to a sustained reduction path in just one year (Rodríguez Castelán et al. 2023). However, despite the progress there are still around 152 million people in the region who cannot cover their basic needs (i.e., are in poverty). The paths to poverty reduction are multisectorial. In 2019, non-contributory cash transfer systems reached about 30% of the population in these countries. Even though the effectiveness of these cash transfers in reducing poverty and inequality is well documented, cash transfer programs cover only about 55% of the population in poverty within the region. Also, the value of the transfers represents only about 33% of the poverty gap, indicating that while the transfers help, they are not sufficient on their own to lift transfer recipients out of poverty (Stampini et al., 2023).
- 2.2 In LAC, there is a significant and persistent gender gap in both the quality and quantity of employment. As of 2022, this disparity remained sizeable at 20.3 points, down from 23.1 points in 2010. This gap is critically linked to higher rates of informal employment and Informal jobs typically lack social protection and benefits, (IDB, 2024b). The

difficulty in reducing poverty is exacerbated by the increasingly frequent impacts of climate change and adverse events. In 2020, due to COVID, the region's GDP dropped 7.4%, total employment fell 14%, and the total number of people in poverty rose by 22 million more people than the previous year (IDB, 2021; IDB, 2020; ECLAC, 2020). Climate change poses a greater threat in the long run, as this directly affects poverty through its impact on agriculture, water resources and infrastructure. It increases food insecurity by damaging crops and reducing agricultural productivity, which in turn can lead to malnutrition and increased poverty rates (Vera-Cossio et al., 2023; Bagolle et al., 2023).

- 2.3 Some countries like Barbados or Uruguay already face further challenges of growing poverty with the aging populations. Many countries in the region are ill-prepared to implement effective long-term care systems. This lack of preparedness and infrastructure for long-term care could stress the economic pressures on older individual by forging them out-of-pocket healthcare expenses which leaves older adults vulnerable to financial instability due to health issues (Aranco et al., 2022; Tejerina and Pizano, 2016).
- 2.4 Poverty is a primary motivator for migration within LAC. Migrants leave their countries of origin hoping to find better economic opportunities elsewhere. However, upon arrival in new countries, migrants often encounter significant barriers that can perpetuate poverty among migrants, unable to access essential social services and economic opportunities (Bailur et al., 2023).
- 2.5 To effectively address the challenges outlined above, it is important to keep focus on how projects in the Bank are reaching the poor in the many sectors in which the Bank operates. To achieve this, the development of tools to target and analyze how projects are being targeted to the poor is essential. The objective of this technical cooperation is to develop such tools and make them easily available to Bank teams for the correct measurement of poverty targeting in Bank projects.

### III. Description of Activities and Outputs

- 3.1 **Component I: Support for the development of measurement methodology, maps, poverty analysis tools.** This component will fund activities such as the development and updating of poverty maps in the region, the development of profiles based on household surveys to help identify poverty targeted operations in the Bank, and the development of the necessary user-friendly tools to make analysis easier for project teams.
- 3.2 **Component II: Support for the impact and quality analysis of the Bank's projects.** This component will fund project-specific studies to jumpstart the classification of Bank projects by creating a growing knowledge bank for the use of classification tools in different sectors. Studies under this component should set the guidelines to be followed by future projects and inform any sector specific updates needed to the classification methodology.
- 3.3 **Component III: Country and regional poverty analysis.** This component will fund studies to provide a deeper understanding of poverty in countries and in the region, including diagnoses and solutions to poverty. This will inform Bank decisions on the choice of operations to alleviate poverty in the region.
- 3.4 **Component IV: Support for the knowledge dissemination and capacity building activities on poverty reduction.** Activities under this component would fund the development and implementation of training activities and tools to help Bank staff and consultants understand the implementation of the newly developed tools.

#### IV. Budget

##### Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Support for the development of measurement methodology, maps, poverty analysis tools	US\$450,000.00	US\$0.00	US\$450,000.00
Support for the impact and quality analysis of the Bank's projects	US\$400,000.00	US\$0.00	US\$400,000.00
Country and regional poverty analysis	US\$200,000.00	US\$0.00	US\$200,000.00
Support for the knowledge dissemination and capacity building activities on poverty reduction	US\$150,000.00	US\$0.00	US\$150,000.00
<b>Total</b>	<b>US\$1,200,000.00</b>	<b>US\$0.00</b>	<b>US\$1,200,000.00</b>

#### V. Executing Agency and Execution Structure

- 5.1 The Tc will be Bank executed given the direct relationship to its own portfolio of operations. Procurement will follow the most recent approved version of guidelines for Bank executed operations.
- 5.2 Tools and research to be developed require a strong internal knowledge of the Bank and access to Bank systems and data are essential to complete the assigned tasks. For this reasons it is necessary that the TC be Bank executed.

#### VI. Project Risks and Issues

- 6.1 The project has the risk of lacking recent data and available inputs to develop adequate tools. For this the Bank will make the most out of non-structured data and data partnerships with other institutions such as the World Bank and from the private sector.
- Another risk of this project is not identifying adequately the types of needs that other sectors have in terms of data and tools. For this, the team will hold meetings and make use of data groups working in other sectors to start from a common understanding of issues and relevant needs.

#### VII. Environmental and Social Aspects

- 7.1 This TC does not have applicable requirements of the Bank's Environmental and Social Policy Framework (ESPF).